



Date: May 6, 2014

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Mark D. Ahrendsen, Director of Transportation

Subject: Execution of Amendment 3 with Lanier Parking Systems of Durham, LLC for Parking Management Services

Executive Summary

The City is required to operate, manage and provide maintenance for its off-street parking program as well as provide parking enforcement, citation processing and adjudication services for its on-street parking program. The Department of Transportation, specifically, is currently tasked with the day-to-day oversight of off-street and on-street parking in Downtown and Ninth Street areas.

In July 2008, the City entered into a three-year contract with Lanier Parking Systems (LPS) of North Carolina, Inc to operate, manage and provide maintenance for its off-street parking program, consisting of the Chapel Hill, Corcoran, and Church Street parking garages, and all City-owned surface lots. Additionally, LPS is contracted to provide parking enforcement, citation processing and adjudication for the City's on-street parking program. Simultaneously, in July 2008, the City also executed a three (3) year contract agreement with Craig Davis Properties (CDP Durham Parking Management Agreement) to operate, manage, and provide maintenance of the Durham Centre parking garage. In May 2009, the City and CDP Durham mutually agreed to terminate the CDP Durham Parking Management Agreement. Subsequently, the City amended the Parking Management Contract with LPS to incorporate the operations, management, and maintenance of the Durham Centre parking garage. As of December 16, 2010, the contract was reassigned under a new name, Lanier Parking Systems of Durham, LLC (LPS). In July 2011, the City executed a three-year contract extension renewal with LPS. The contract extension term with LPS expires on July 20, 2014.

As a result of the Parking Study for the Downtown and Ninth Street areas, it has become apparent that many changes are required and forthcoming due to development activity in the Downtown and Ninth Street areas. The City has already received and approved changes in the Ninth Street area regarding parking management. Thus, this contract extension includes the parking management services, on-street and off-street, for the Ninth Street area. Furthermore, this contract includes expanded on-Street services in the Downtown Area, specifically; American Tobacco, Bright leaf, and Central Park and additional security in the parking garages. Consequently, due to additional changes forthcoming with the Downtown and Ninth Street areas parking strategies, it is appropriate that an additional extension with LPS be provided until June 30, 2015 to provide sufficient time for staff to develop the future requirements of the request for proposals for Parking Management Services for a three to six year contract period.

Recommendation

To authorize the City Manager to execute a contract amendment with Lanier Parking Systems (LPS) of Durham, LLC for parking management services for the period of July 1, 2014 – June

30, 2015 for a contract amount of \$1,639,260.99, plus additional fees for special events parking estimated to be \$41,937.01 for a total not to exceed amount of \$1,681,198.00.

Background

The City of Durham owns five (5) parking garages and 13 open parking lots in the Downtown area. The Department of Transportation is responsible for management of the Downtown off-street and on-street parking programs.

On October 22, 2007, the City of Durham issued a Request for Proposals for the professional management, operation, and maintenance of the City's three (3) parking garages (Chapel Hill Street, Corcoran Street and Church Street), and 13 parking lots (off-street parking) and professional management of on-street parking, which includes parking enforcement, citation processing, adjudication and meter management at a later date. After a review of the bidding firms' qualifications and proposed prices, the selection committee selected Lanier Parking Systems (LPS) of North Carolina, Inc. to provide the off-street and on-street parking management services. In June 2008, City Council approved a three (3) year contract for parking management services with LPS. The City of Durham entered into a contract with LPS on July 17, 2008 to provide on-street (parking enforcement, citation processing, adjudication) and off-street (three (3) parking garages and 14 parking lots) parking management services in the City of Durham. Simultaneously, in July 2008, the City also executed a three (3) year contract agreement with Craig Davis Properties (CDP Durham) to operate, manage, and provide maintenance of the Durham Centre parking garage.

In May 2009, the City and CDP Durham mutually agreed to terminate the CDP Durham Parking Management Agreement. Subsequently, the City amended the Parking Management Contract with LPS to incorporate the operations, management, and maintenance of the Durham Centre parking garage.

In July 2011, the City executed a three (3) year contract extension renewal with Lanier Parking Systems (LPS) of Durham, LLC. The contract extension term with LPS expires on July 20, 2014. Staff recommends that the contract be amended before the contract expires and extend for the period of July 1, 2014 – June 30, 2015. The contract amendment incorporates on and off street parking management services in the Ninth Street area as a result of the City Council's approval of a parking lot lease with CPGPI Regency Erwin on February 17, 2014 that became effective March 1, 2014. Due to recommendations cited in the Downtown Parking Study, the contract amendment expands on-street parking services in the following areas: American Tobacco, Bright leaf, and Central Park. In addition, the contract amendment incorporates additional security of one security officer roaming all parking garages from 12:00 am – 5:00 am (standard time), 2:00 am – 7:00 am (daylight savings time). The inclusion of the additional areas and additional security is achieved with additional citation revenue and negotiation of cost savings with Lanier Parking.

The fifth parking garage, North Garage, is operated and managed by American Tobacco Campus through a long-term lease agreement.

Issues/Analysis

LPS has managed the off-street and on-street parking program in the City for nearly six (6) years. Staff feels that the contractor has, in that time, developed a level of familiarity with the parking operation and currently has a thorough understanding of the management, operation, and maintenance expectations of the off-street parking program and has become adept in the management of the parking enforcement, citation processing, and adjudication in the on-street parking program. Additionally, based on the performance during the past three years of the

contract, staff feels the contractor has demonstrated the ability to perform this work as evidenced by the following:

Off-Street Parking		
<u>Challenges</u>	<u>Accomplishments</u>	<u>Benefits Derived</u>
Antiquated parking and revenue control equipment. Some equipment was deemed obsolete or in dire need of replacement.	Parking equipment was replaced in all garage locations. The new equipment includes automated pay in lane equipment.	Fewer customer complaints and continuously running facilities. The pay in lanes allow for reductions in labor and collection of tickets.
	Installed pay stations in Lot 8 and Lot 14	Allows for better use of space and manpower.
	Parking control software was upgraded.	Increased auditing and reporting abilities to allow further statistics and information.
	Provided the City with recommendations for new access control equipment, gave purchase and financing information and worked closely with equipment vendor to provide the City with the best technology for the operations	Information provided enabled Transportation Dept. to complete the bid process for replacement.
	Established more efficient connection via DSL for communication with access control equipment.	Increased efficiency and collections of past due monthly accounts. Less down time of equipment for customers.
Parking facilities not meeting their revenue potential in a difficult economy.	Increased revenue by 38.7% in FY 13 from FY 11. Accomplished despite losing the County Courthouse as a major revenue generator. Event revenues have increased by 83% in the same period.	Increased revenues.
Lots 14 and 8 were not being used to their potential.	Introduced pay stations to both lots.	Allows the service of a larger hourly and monthly demand and to maximize the space available. Also allows for a reduction in labor costs.
	Introduced hourly parking as an option on lot 14.	
	Introduced monthly parking to Lot 8.	

The Chapel Hill St. Garage was badly in need of structural repairs to fix exposed rebar.	Relocation plan moved over 300 active parkers to seven different locations within the parking program with a minimum of complaints.	Structural integrity of the garage was improved.
	Working with the Transportation and General Services Depts., facilitated the renovation of the Chapel Hill Garage. Created relocation plan to completely close the garage.	Minimal access card issues for customers as all cards were programmed for the appropriate location prior to use.
		Total relocation allowed the contractor to complete the renovation in a minimal amount of time.
Delays in entering and exiting facilities during Special Events due to limited information from venues.	Improved Special Events coordination through on going communication with staff of venues such as the Convention Center, DPAC, DBAP, and the Armory.	Smoother ingress and egress process during Special Events and better communication with venue management. Preparation for events is improved to eliminate unanticipated issues. The results have helped increase revenues improve by 83%
The Church St. Garage was dark and in need of better lighting.	Working with the Transportation and General Services Depts., facilitated the installation of LED lighting in the Church St. Garage.	A cleaner, brighter environment allows users more safety.
The Church St. Garage is in need of structural repairs.	Working with the Transportation and General Services Depts., facilitated the beginning of the repairs.	Work began in February of 2014 and will be completed in the summer of 2014. The phasing of improvements have allowed for a minimum of service interruptions during the renovations.
Communication with stakeholders.	Continue to create good relationships in Durham, staying in constant communication with stakeholders such as DDI, ATC, Self Help, DPAC, etc.	Collaboration and cooperation during changes implemented in parking programs.
Residents were allowed to park in City facilities at no charge.	Working with Transportation, encouraged City Council to adopt a rate structure for residents.	Residents began paying for parking in January of 2014. Revenues have been increased and some resident accounts have been eliminated.

Limited monthly reporting to City of financials and audit findings emphasized areas of improvement.	Continually evolving monthly management report.	Increased reporting to the Transportation Dept.
	Actively working to offer City staff solutions where improvements required.	Offered solutions in staffing and equipment.
Unfamiliar with practices of other similar cities.	Lanier continues to offer the City industry expertise and recommendations.	Increased knowledge and expertise as to how to best advance the parking program.
On-Street Parking		
<u>Challenges</u>	<u>Accomplishments</u>	<u>Benefits Derived</u>
Audit indicated the collection percentage needed to be increased.	Increased collection percentage on outstanding citations, currently at 72.2%, compared with 69.3% for the period 7/2011 through 3/2014.	Significant increase in accounts collected. Reduced the dollar value of past due accounts.
		Received accurate addresses to those who could not be located through traditional methods.

Effective March 1, 2014, the City contracted with CPGPI Regency Erwin to lease a 46 space parking lot on Ninth Street. As a result of this lease, the City is installing pay stations to collect hourly revenue with management and enforcement of parking in this lot by LPS. In addition, the Ninth Street Parking Study recommended the imposition of time limits for on-street parking in the Ninth Street area to further encourage turnover of on-street parking and increased utilization of the Ninth Street lot. The management and enforcement of the on-street parking will be provided by LPS.

The City continues to experience significant development within and beyond the immediate Downtown area. Currently, LPS provides on-street parking enforcement generally on and within the Downtown Loop. The Downtown Parking Study found that on-street parking spaces within the Downtown loop were heavily utilized at all times observed during weekday business hours and recommended that the City begin to charge for on-street parking within and on the Downtown Loop, the area surrounding the American Tobacco Complex and the Durham Performing Arts Center, West Village, and the Bright Leaf District. The Parking Study further recommended that time restricted on-street parking and the associated enforcement activity be extended. Accordingly, the Department of Transportation proposes to extend time restricted on-street parking and the associated enforcement activity to the following streets:

<u>Extended On Street Time Restricted Parking and Enforcement</u>		
<u>American Tobacco Vicinity</u>	<u>West Village Vicinity</u>	<u>Central Park Vicinity</u>
Willard Street	West Main Street	Rigs bee Ave
Jackson Street	Fuller Street	Foster Street
Yancey Street	West Morgan Street	Hunt Street
	North Duke Street	West Corporation Street

The expansion of the time limits to park on the streets in the Downtown area is important to encourage greater turnover and short-term parking on-street and increased utilization and longer-term parking in the garages in the Downtown area. The Downtown Parking Study recommended the imposition of fees for on-street parking for approximately 700 spaces in the Downtown area to further encourage turnover of on street spaces and increased utilization of the parking garages as well as additional revenue to support parking activities in the Downtown area. Specific locations for the imposition of paid on-street parking and the method of payment will be explored further in the coming year. As development within the Downtown continues to occur, the overall management of the parking system will be critical. From a parking experience, it is important that parkers who utilize the on-street parking are generally there for a short-term while long term parkers utilize the off-street parking facilities.

The Downtown Parking Study recommended additional security within the parking garages. To begin to address the security needs identified in the Study, the Department of Transportation is recommending increasing security hours in the parking garages. Currently, security is providing in the four parking garages from 5:00 pm to 12:00 am (standard time) and 7:00 pm – 2:00 am (daylight savings time) utilizing three security officers. The recommendation is to extend the hours. Security is to be provided until 7:00 am with one security officer rotating among the four parking garages. As funding becomes available, the Department of Transportation will consider additional security measures.

Due to all the parking changes planned or underway, the Department of Transportation is requesting additional time to evaluate and determine the requirements of the next request for proposal for parking management services. Consequently, the Department of Transportation is recommending the continuation of the contract for services with LPS for one more year until June 30, 2015, as provided for in the original contract plus the additional areas identified. Over the next few months staff will re-evaluate the scope of services to be requested in the next request for proposals for parking management services.

Alternatives

- 1) The City Council may choose not to extend this contract and direct staff to begin a new contractor selection process. This is not recommended since the current contractor is performing as admirably. Further, due to time constraints, the City would need to operate on a month to month contract with LPS until new contractor selection process is completed.
- 2) The City Council may choose not to extend this contract and direct staff to return the off-street and on-street parking management duties to the Department of Transportation. This option will require the hiring of staff to carry out the work, operating funds to support the function and is not recommended.
- 3) Extend the contract with LPS to June 30, 2015. Recommended.

Financial Impact

The total cost of the proposed amended contract for the FY 2014-2015 contract period is \$1,639,260.99 plus additional fees for special events parking estimated to be \$41,937.01. This includes the additional cost of parking management and enforcement services for Ninth Street and the expanded Downtown areas.

	<i>Proposed</i>
	2014/2015
Revenue	
Off-Street Parking Revenue	
Garages	\$2,209,864
Surface Lot	\$221,886
Ninth Street	\$46,000
Investment and Rental Income	\$1,000
Total Off-Street Parking Revenue	\$2,478,750
On-Street Parking Revenue	
On-Street Parking Revenue	\$252,000
Ninth Street Parking	\$49,588
Downtown Extended Areas	\$18,535
Parking Meters	\$ -
Total On-Street Parking Revenue	\$320,123
Total Revenue	\$2,798,873
Appropriations	
Off-Street Parking Appropriations	
Off-Street Operating	\$2,165,532
Ninth Street Parking Lease	\$85,589
Ninth Street Parking	\$16,082
Additional Security	\$39,047
Off-Street Maintenance	\$49,848
Total Off-Street Parking Appropriations	\$2,356,098
On-Street Parking Appropriations	
On-Street Parking Operating	\$375,109
Ninth Street Parking	\$11,068
Downtown Extended Areas	\$56,598
Total Off-Street Parking Appropriations	\$442,775
Total Appropriations	\$2,798,873

This assumes that the Debt Service Fund pays for the debt on the parking garages at this time.

SDBE Summary

This is a contract amendment. No compliance review was conducted in accordance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

Lanier Parking Systems of Durham, LLC will be using the following SDBE firms for the additional scope of services:

Firm	ID	City/State	Amount	% of Contract
Monarch Services	MSDBE	Durham, NC	\$787,225	48%